



The Senate  
 EIGHTH OLBIL ERA KELULAU  
 P.O. Box 8, Ngerulmud  
 Republic of Palau 96939

SIXTH REGULAR Session

April 2010

INTRODUCED AS SENATE BILL NO. 8-48, SD2, HD1

AN ACT

( See Title Inside )

INTRODUCED BY SENATOR (S) Hokkons Baules, et al

ET AL.,

DATE INTRODUCED March 18, 2009

SENATE ACTION

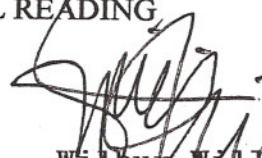
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 Wilbur Williams  
 CLERK OF THE SENATE

  
 Roman Yano  
 HOUSE CLERK

**AN ACT**

**To require each resident in the Republic of Palau to have coverage for healthcare costs he or she incurs; to establish a national Medical Savings Fund in the Republic of Palau and to provide for a Palau Health Insurance System in the Republic of Palau; and for other related purposes.**

**THE PEOPLE OF PALAU REPRESENTED IN THE OLBIL ERA KELULAU DO ENACT AS FOLLOWS:**

1           **Section 1. Legislative findings. Article VI of the Constitution provides that the**  
2 **National Government take positive action to promote the health and social welfare of the**  
3 **citizens of the Republic of Palau through the establishment of a health care finance system**  
4 **that provides free or subsidized health care for citizens of the Republic of Palau. Today,**  
5 **health care services, with their increasing costs of delivery, along with a continued escalating**  
6 **accounts receivable at the Ministry of Health, call for the establishment of a health care**  
7 **financing plan that is fiscally sustainable within the context of annual budgetary and revenue**  
8 **constraints. This is to meet the demand for a health system that is comprehensive in scope**  
9 **and coverage and meets the needs of a growing population.**

10           **The Olbiil Era Kelulau believes that a way to meet its constitutional responsibility**  
11 **while dealing with these various issues is through establishing a government-managed health**  
12 **system that will provide health care for all residents of Palau. This can be achieved through**  
13 **the combination of provisions for medical savings accounts and universal health insurance**  
14 **coverage. Safety nets will be provided to ensure that no person is denied access into the**  
15 **healthcare system or turned away for lack of money. An added benefit is that the population**  
16 **will be encouraged to adopt a healthy lifestyle, taking responsibility for their own health.**  
17 **Finally, Palau's government-managed health system will be equitable in providing access to**  
18 **medical care that not only meets the needs of a growing population but fosters the**  
19 **development of public and private providers of healthcare services. For these reasons, the**  
20 **Olbiil Era Kelulau finds it necessary to implement the National Healthcare Financing Act**  
21 **in order to promote and protect the health and social welfare of the population of the**  
22 **Republic of Palau.**



1 **Health Insurance, and monies available for administrative purposes.**

2 (h) 'Healthcare facility' means any healthcare facility approved under this Act.

3 (i) 'Healthcare provider' means any licensed healthcare provider approved under  
4 this Act.

5 (j) 'Medical Referral Committee' means the Medical Referral Committee established  
6 by 34 PNC § 333(a).

7 (k) 'Medical Savings Account' means an account administered by the Administration,  
8 registered to a particular individual, pursuant to the purposes of this Act.

9 (l) 'National Government' means the National Government of the Republic of Palau.

10 (m) 'National Healthcare Financing Governing Committee' or 'Committee' means  
11 the Minister of Finance or his or her designee, the Minister of Health or his or her designee,  
12 the Social Security Administrator, one representative from the Governor's Association, and  
13 one representative from the Chamber of Commerce.

14 (n) 'Palau Health Insurance' means the social health insurance plan established  
15 pursuant to this Act.

16 (o) 'Participating,' when used in reference to an individual or employer, means  
17 participating in the Medical Savings Fund, making contributions, being covered by a  
18 Medical Savings Account as a designated beneficiary, or being covered by Palau Health  
19 Insurance.

20 (p) 'Republic' means the Republic of Palau.

21 (q) 'Social Security Board,' or 'Board of Trustees,' means the Republic of Palau  
22 Social Security Board as established in Title 41 of the Palau National Code.

23 (r) 'Subscription' means the payments for Palau Health Insurance for the purposes  
24 of obtaining coverage for specified catastrophic health care costs.

25 (s) Unless otherwise provided, the definitions in section 702 of this title shall apply to  
26 this Chapter.

27 § 902. Scope of the Act. There is hereby established a Medical Savings Fund, including  
28 individual Medical Savings Accounts and universal coverage under Palau Health Insurance.

**Subchapter 2**

**The Administration**

**§ 907. The Administration. The National Healthcare Financing Governing Committee (hereinafter the “Committee”) of the Republic of Palau, is hereby established to administer the systems established by this Act, except for investments which shall be within the exclusive authority of the Social Security Board and shall be operated in the same manner as investments under the Social Security Act.**

**§ 908. Powers and duties of the Committee.**

**(a) The powers and duties of the Committee under this Act are to provide, maintain, operate and report on the financially sound healthcare systems established by this Act and to provide an orderly means to finance and deliver comprehensive healthcare coverage to the people of the Republic.**

**(b) The Committee shall be subject to and bound by the Administrative Procedure Act as provided in 6 PNC.**

**(c) The Committee shall have the following powers and duties:**

**(1) transact any business;**

**(2) enter into any contracts for management, auditing, actuarial, investment, legal, or any other advice or services;**

**(3) issue subpoenas and administer the oaths appropriate for the administration of the two plans;**

**(4) bond any employee of the Administration in such cases and in such amounts as necessary;**

**(5) have the authority to promulgate by-laws, procedures, policies, or rules and regulations, which shall have the force and effect of law, necessary to carry out any duty, operation, or function as required under this Act;**

**(6) carry out adjudicative proceedings;**

**(7) maintain bank accounts and a bank overdraft for the normal operations;**

**and**

1 (8) delegate any power, function, duty, or responsibility as necessary to ensure  
2 the administration and operation of the two plans and funds.

3 § 909. Administrator.

4 (a) The Social Security Administrator (hereinafter “Administrator”), as appointed  
5 under 41 PNC, Section 723, shall be responsible for the general day-to-day administration  
6 and operation of the Medical Savings Fund and Palau Health Insurance.

7 (b) The Administrator shall have such powers, duties, and responsibilities as delegated  
8 by the Committee.

9 (c) The Administrator may, by written instrument, delegate any power, duty, or  
10 responsibility to any employee of the Administration. Any delegation made by the  
11 Administrator shall be made in accordance with 41 PNC § 725.

12 (d) The Administrator shall maintain records of all employees and of all contributors,  
13 including self-employed persons, in a manner deemed reasonable to the administration and  
14 operation of the two systems.

15 (e) The Administrator shall prepare and submit to the Board a detailed budget  
16 estimate for the proper operations of the Medical Savings Fund and Palau Health Insurance  
17 for each fiscal year. The estimate shall include:

18 (1) the audited accounts of the Fund for the last fiscal year;

19 (2) a statement showing the estimates of contributions, other income, and  
20 expenditures for the fiscal year in progress, together with any summaries, schedules,  
21 and supporting information deemed necessary; and

22 (3) a budget showing the estimated income and expenditures for the next fiscal  
23 year.

24 § 910. Cost of administration. The annual budget for administration shall provide for  
25 administrative expenses not exceeding ten percent (10%) of the estimated income for the  
26 fiscal year from contributions and income on investments for the combined systems.

27 § 911. Investment.

28 (a) Investments of funds in excess of those required for current operations shall be

1 invested by or under the authority of the Social Security Board, in the same manner as  
2 investments of funds under the Social Security Act.

3 (b) Within ninety (90) days after the end of each fiscal year, the Committee shall  
4 submit a report to the President of the Republic of Palau, the President of the Senate, and  
5 the Speaker of the House of Delegates of the Olbiil Era Kelulau detailing the financial status  
6 of the Fund and its investments.

7 § 912. Coordination of Functions. The Ministry of Health, Ministry of Finance and  
8 the Administration shall enter into a Memorandum of Understanding covering the following:

9 (a) The functions of each entity when operating under the provisions of this Chapter;

10 (b) Sharing responsibilities to produce an annual report to the President of the  
11 Republic of Palau, the President of the Senate, and the Speaker of the House of Delegates of  
12 the Olbiil Era Kelulau covering matters such as MSA participation, medical care utilization,  
13 and such other matters, as requested; and

14 (c) Coordination of activities among the entities to ensure objectives of this Act are  
15 met.

### 16 Subchapter 3

#### 17 The Medical Savings Fund

18 § 917. The Medical Savings Fund.

19 (a) There is hereby established a Medical Savings Fund.

20 (b) Within the Medical Savings Fund, individual Medical Savings Accounts shall be  
21 established for each participating individual.

22 § 918. Organization of the Fund.

23 (a) As of the first day of the first calendar quarter beginning at least ninety (90)  
24 days after the effective date of this Act, every employer and employee and self-employed  
25 individual in the Republic shall participate in the Medical Savings Fund as established by  
26 this Act.

27 (b) Every participating individual's Medical Savings Account within the Medical  
28 Savings Fund shall become available for use by that covered individual and his or her

1 designated beneficiaries beginning on the first day of the first calendar quarter after the  
2 month in which contributions were reported and paid into the Medical Savings Fund.

3 **Subchapter 4**

4 **Income**

5 **§ 923. Income.** The following shall be paid into the Fund:

6 (a) Any funds appropriated, loaned, or granted by or to the National Government,  
7 any Agency or Ministry thereof, or any state government, for the purpose of healthcare,  
8 outside the regular Ministry of Health operations.

9 (b) Any funds granted or loaned by any nation, other than the Republic, or by any  
10 international organization, including but not limited to, the World Bank, International  
11 Monetary Fund, World Health Organization, United Nations, or the Asian Development  
12 Bank, and designated by the lender or grantor to be paid into the Fund and used by the  
13 Administration.

14 (c) All employee and employer contributions.

15 (d) All civil and criminal judgments, penalties, interest, or costs.

16 (e) All gifts and donations.

17 (f) All proceeds from the investment of money from the Fund. Investment returns  
18 attributable to amounts held in Medical Savings Accounts shall be credited to the individual  
19 Medical Savings Accounts based on the overall performance of investments.

20 **§ 924. Individual and employer contributions.**

21 (a) Every participating employee shall be required to pay a minimum  
22 contribution of 2.5% of his or her remuneration as defined by the Social Security Act each  
23 quarter into the Fund.

24 (b) The participating employee's contribution shall be collected by his or her  
25 employer by deducting the amount of the contribution appointed by the participating worker  
26 from his or her remuneration as defined by the Social Security Act. The employer shall  
27 remit that amount to the Administration on a quarterly basis along with the employer's  
28 contribution, which shall coincide with the reporting and payment requirements under 41



1 PNC § 745.

2 (c) Participating employees may also make contributions directly to the  
3 Administration in addition to the amount deducted from wages at any time. There shall be  
4 no maximum limitation on contributions made directly to the Administration by  
5 participating employees.

6 (d) Every participating self-employed individual:

7 (1) shall be presumed to be both his or her own employer and employee, and  
8 shall be liable to pay with respect to his or herself for both employer contributions  
9 and employee contributions, and shall include him or herself in any reports required  
10 under this Act. There shall be no upward limit on the amount that a participating  
11 self-employed individual may contribute to the Fund.

12 (2) who has, in a given quarter, at least one employee who receives  
13 remuneration from him or her, shall be presumed to receive in any quarter, as  
14 remuneration, twice the amount paid to his or her highest paid employee in that  
15 quarter and shall be required to contribute five percent (5%) per quarter based on  
16 that amount.

17 (3) who, in a given quarter, has no employee who receives remuneration from  
18 him or her, shall be presumed to receive in any quarter, as remuneration, twenty-five  
19 percent (25%) of his or her gross revenue in the preceding calendar year and shall be  
20 required to contribute five percent (5%) per quarter based on that amount.

21 (e) Every participating employer shall be required to pay a minimum  
22 contribution of 2.5% of its employees' total remuneration as defined by the Social Security  
23 Act each quarter into the Fund. This contribution shall be from pre-tax revenues.

24 § 925. Reports and payments of contributions.

25 (a) All participating employers and participating self-employed individuals shall  
26 submit to the Administration a report on an official form to the Administration and pay all  
27 amounts of contributions due at the end of each quarter.

28 (b) The official form shall be provided by the Administration to each employer and

1 self-employed individual, on which the employer or self-employed individual shall show, in  
2 addition to other information required by the Administrator, the wages and salaries paid by  
3 the employer and the corresponding contributions due to be paid by the employer  
4 representing both the employer and employee contributions.

5 (c) Quarterly reports on official forms provided by the Administration shall be due  
6 at times as determined by the Board.

7 Subchapter 5

8 Payments

9 § 939. Payments.

10 (a) Payments may include the following:

11 (1) Payments from Medical Savings Accounts for all healthcare services not  
12 explicitly excluded by law or regulation provided to covered individuals;

13 (2) Payments from funds earmarked for administrative expenses incurred in  
14 the operation of the Medical Savings Fund;

15 (3) Subscription payments for Palau Health Insurance;

16 (4) Payments from Medical Savings Accounts for private health insurance  
17 premiums; and

18 (5) Other payments or withdrawals expressly authorized and deemed  
19 appropriate by the Administration according to rules and regulations promulgated  
20 by the Administration pursuant to this Act.

21 (b) The Administration shall promulgate rules and regulations governing  
22 administrative procedures, collections, payments from Medical Savings Accounts, and  
23 benefits under Palau Health Insurance.

24 § 940. Designated Beneficiaries. Designated Beneficiaries of Medical Savings  
25 Accounts under this Act shall include, at a minimum, the participating employee, his or her  
26 spouse, and his or her dependent children. Additional beneficiaries may be designated as  
27 permitted by regulation.

28 § 941. Payments to Exiting Foreign Employees. All non-Palauan citizens who

1 contributed to the Medical Savings Fund and who are permanently exiting the Republic of  
2 Palau shall be entitled to withdraw any funds remaining in their individual Medical Savings  
3 Account after all payments due have been fully made from the Account. Such exiting  
4 employee shall submit a request for the withdrawal of contributions on an official form  
5 (which shall be supplied by the Administration), their immigration exit clearance, and any  
6 other information deemed necessary by the Administrator. There shall be a six (6) month  
7 waiting period between the exit date and the issuance of this payment from the Fund.

8 **Subchapter 6**

9 **Claims**

10 § 946. Claims. The Administration shall promulgate rules and regulations, in  
11 accordance with 6 PNC Chapter 1, for settling claims directly with the medical provider.

12 **Subchapter 7**

13 **Palau Health Insurance**

14 § 951. Palau Health Insurance. There is hereby established Palau Health Insurance  
15 for the purpose of providing universal health care coverage to all residents of Palau.

16 § 952. Subscription fees. The following shall be paid at least quarterly beginning in  
17 the quarter in which Medical Savings Accounts become available for use by participating  
18 individuals:

19 (a) The National Government shall pay subscription costs for coverage under this Act  
20 for individual citizens who are age sixty (60) and older and not working, or who are disabled  
21 and not working. The amount of the subscription payable for such individuals shall be equal  
22 to 2.25% of the mean annual remuneration of all contributors as determined by the Social  
23 Security Administration.

24 (b) Subscription costs for employees and for the self-employed, for coverage for  
25 themselves and their dependents, shall be paid from contributions to an individual Medical  
26 Savings Account. The amount of the subscription shall be 2.25% of remuneration as defined  
27 by the Social Security Act.

28 (c) Any individual whose subscription costs are not paid under subsection (b), shall

1 have the option of reporting and paying the subscription costs on either a quarterly or on an  
2 annual basis. The amount of the subscription shall be 2.25% of the official minimum wage  
3 amount for the reporting period.

4 (d) The subscription rate may be modified by regulation after two years of operations,  
5 if required to ensure sustainability of the Palau Health Insurance system, based on the  
6 following factors:

7 (1) the annual financial balance resulting from the operations of Palau Health  
8 Insurance;

9 (2) the amount of return achieved on the investment of reserves; and

10 (3) any approved changes in benefit provisions that will likely affect the  
11 financial situation of Palau Health Insurance in the future.

12 (e) The regulations shall also provide for:

13 (1) a reduction in the subscription cost for individuals participating in  
14 preventive care programs, as certified by the Ministry of Health;

15 (2) provisions allowing new enrollees to qualify for benefits of Palau Health  
16 Insurance after paying the subscription costs; and

17 (3) any other changes in benefit provisions.

18 (f) An individual loses eligibility to receive benefits under this program if the  
19 subscription is not paid for two consecutive quarters.

20 § 953. Other payments. The following may also be paid to Palau Health Insurance:

21 (a) Any funds appropriated, loaned, or granted by or to the National Government,  
22 any Agency or Ministry thereof, or any state government, for the purpose of Palau Health  
23 Insurance;

24 (b) Any funds granted or loaned by any nation, other than the Republic, or by any  
25 international organization including, but not limited to, the World Bank, International  
26 Monetary Fund, World Health Organization, United Nations, and the Asian Development  
27 Bank, and designated for use by the Administration, or in the Palau Health Insurance  
28 System, by the lender, or grantor;

1 (c) All civil and criminal judgments, penalties, interest, or costs;

2 (d) All gifts and donations; and

3 (e) All proceeds from the investment of money in reserves.

4 § 954. Reserves. Palau Health Insurance shall set aside funds to build a contingency  
5 reserve of at least six months of benefit expenditures, as provided for by regulation.

6 § 955. Benefits provided under Palau Health Insurance.

7 (a) Payments and withdrawals out of the fund shall include the following, which may  
8 be modified by regulations promulgated for the operation of Palau Health Insurance:

9 (1) Payments to Belau National Hospital for the costs of inpatient medical  
10 services to an insured individual, after a copayment of 20% of total cost up to a  
11 ceiling of \$200.00 (two hundred dollars) to \$400.00 (four hundred dollars), depending  
12 on household income, and after excluding the costs of personnel employed by the  
13 Ministry of Health, as established by regulations;

14 (2) Payments to Belau National Hospital for off-island medical care including  
15 medical evacuation services as approved by the Medical Referral Committee  
16 established by 34 PNC § 333, and provided to an insured individual, after a  
17 copayment of 20% of total cost up to a ceiling of \$1,000.00 (one thousand dollars) to  
18 \$4,000.00 (four thousand dollars), depending on household income, and after  
19 excluding the costs of personnel employed by the Ministry of Health, as established  
20 by regulations; and

21 (3) Other payments or withdrawals expressly authorized and deemed  
22 appropriate under the regulations.

23 (b) An individual shall be eligible for benefits under Palau Health Insurance  
24 beginning on the first day following two full, consecutive quarters of payment of subscription  
25 costs.

26 (c) The Committee shall promulgate rules and regulations governing payments from  
27 Palau Health Insurance including, but not limited to, procedures for paying the covered  
28 portion of costs, collection of the copayment amount from beneficiaries, setting income

1 guidelines for the deductible amounts, establishing maximum benefit amounts, and  
2 expanding benefits if it is sustainable under Palau Health Insurance.

3 § 956. Exclusions. Palau Health Insurance shall not make payments or withdrawals  
4 for the following, unless benefits are expanded by regulation:

5 (a) Costs, for any care related to hemodialysis;

6 (b) The copayment amounts found in subdivisions (a)(1) and (2) of section 955 of this  
7 title, which shall be the responsibility of the individual receiving services;

8 (c) Personnel costs at the Ministry of Health; and

9 (d) Other excluded benefits as provided by regulation.

10 § 957. Reimbursement to providers other than Belau National Hospital. The  
11 Administration may enter into agreements for reimbursement to providers other than Belau  
12 National Hospital for inpatient care and off-island referrals, including medical evacuation,  
13 provided that:

14 (a) The reimbursement does not exceed the amount that would be paid to Belau  
15 National Hospital for the same services; and

16 (b) Any off-island referral, including medical evacuation, is approved by the Medical  
17 Referral Committee using the same standards applied to referrals made by Belau National  
18 Hospital.

19 Subchapter 8

20 Miscellaneous

21 § 958. Accounts and reports.

22 (a) The Administration shall maintain accounts and records in accordance with  
23 prevailing, generally accepted accounting principles as promulgated by the United States'  
24 Financial Accounting Standards Board. Such accounts and records shall relate to all funds  
25 and transactions for the two systems created by this Act.

26 (b) The Board shall appoint an independent auditor on such terms and conditions as  
27 are agreed on between the Administration and the auditor. The auditor shall audit the  
28 accounts of the fund within ninety (90) days after the end of each fiscal year. The

1 Administration shall, as soon as practicable, submit the accounts and the auditor's report  
2 to the Olbiil Era Kelulau, and to the President of the Republic of Palau for review. The  
3 accounts and report shall be made available to the general public upon request.

4 (c) The Public Auditor shall issue annual reports on the financial balance of the Fund,  
5 and such reports shall be provided to the Administration, the President of the Republic of  
6 Palau, and the presiding officers of the Olbiil Era Kelulau.

7 § 959. Bank accounts. The Administration shall maintain bank accounts as deemed  
8 necessary for the purposes of administering the Fund. The Administration shall establish  
9 a separate bank account for all monies used to fund its operations and shall only open  
10 accounts in banks that are FDIC insured.

11 § 960. Privacy.

12 (a) No medical information obtained by the Administration regarding any individual  
13 may be released to any person , except as follows:

- 14 (1) with the express written consent of the individual;
- 15 (2) for the purposes of the function and operations under this Act;
- 16 (3) as required by court order from a duly recognized jurisdiction; or
- 17 (4) as authorized by the Committee.

18 (b) Any employee of the Administration or Member of the Board who reveals medical  
19 information in violation of subsection (a) shall, upon conviction, be guilty of a misdemeanor  
20 and may be sentenced to imprisonment for a period not exceeding twelve (12) months or a  
21 fine of not more than one thousand dollars (\$1,000.00), or both.

22 § 961. Offenses and penalties. It shall be an offense for any individual or entity to:

23 (a) **Knowingly Submit a False Claim or Obtain Money.** An individual who  
24 knowingly submits a false claim for benefits or obtains money from the Fund under false  
25 pretenses for the purpose of misleading, defrauding, or cheating the Fund shall, upon  
26 conviction, be guilty of a felony and may be sentenced to imprisonment for a period not  
27 exceeding five (5) years, or a fine of not more than five thousand dollars (\$5,000.00) or double  
28 the amount of money fraudulently obtained; whichever is greater, or both.

1           **(b) Knowingly Falsify Statements and Reports.** An employer who knowingly  
2 makes a false statement or falsifies any report of record for the purpose of misleading,  
3 defrauding, or cheating the Fund shall, upon conviction, be guilty of a felony and may be  
4 sentenced to imprisonment for a period not exceeding five (5) years or a fine of not more than  
5 five thousand dollars (\$5,000.00), or both.

6           **(c) Failure to Report or Pay.** An employer or self-employed individual who fails  
7 to report or pay any amount of contributions due to the Fund shall be liable for interest on  
8 the unpaid balance of the contribution at the rate of twelve percent (12%) per annum from  
9 its due date until the date it is paid. In the event that any contributions or interest due under  
10 this Act is referred to any attorney for collection, whether or not suit is brought for the  
11 collection thereof, the employer shall additionally be liable for the full cost of reasonable  
12 attorney's fees and the costs of collection, including court costs.

13           **(d) Knowingly Fail to Report or Pay.** An employer who knowingly fails to report  
14 or pay any amount of contributions due to the Fund shall, upon conviction, be guilty of a  
15 misdemeanor and may be sentenced to imprisonment for a period not exceeding twelve (12)  
16 months or a fine of not more than two thousand dollars (\$2,000.00), or both.

17           **§ 962. Taxation.**

18           **(a)** The Fund and its income, as well as the Administration, shall not be subject to any  
19 National or state taxes. This provision shall not apply to any tax or other charge imposed by  
20 the National Government, or any state government, on any employee of the Administration.

21           **(b)** Contributions shall be collected from gross earnings and shall not be subject to the  
22 tax on wages and salaries under Title 40 of the Palau National Code.

23           **§ 963. Succession.**

24           **(a)** Upon the death of an individual who has a Medical Savings Account, the money  
25 in that account shall be used to pay off any outstanding healthcare costs incurred to a  
26 healthcare provider by that individual or other beneficiary of that individual's account for  
27 any costs incurred prior to the individual account holder's death. Additionally, any costs due  
28 to a Healthcare Facility incurred after that individual's death directly relating to the cause



1 of individual's death shall be paid from the individual's account.

2 (b) Any amount remaining from the employee's share shall be transferred to a

3 Medical Savings Account for:

4 (1) The surviving spouse; or

5 (2) If there is no surviving spouse, to the children, in equal shares; or

6 (3) If there are no surviving spouse or children, then to the parents, in equal  
7 shares; or

8 (4) If there are no surviving spouse, children or parents, then to other  
9 designated beneficiaries, in equal shares; or

10 (5) If none of the preceding subsections apply, to the persons entitled under the  
11 laws and customs of the last domicile of the deceased.

12 § 964. Severability. If any provision of this chapter or application thereof to any  
13 person or circumstance is held invalid, the invalidity does not affect other provisions or  
14 applications of the chapter which can be given effect without the invalid provision or  
15 application, and to this end the provisions of this chapter are severable."

16 Section 3. Appropriation.

17 The sum of \$50,000.00 is hereby authorized to be appropriated for start-up  
18 administrative costs as required by this Act.

19 Section 4. Improvement efforts.

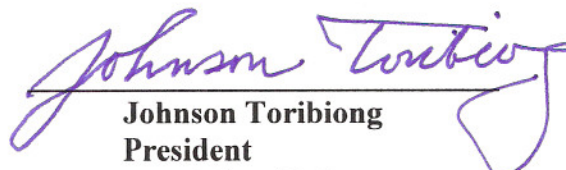
20 (a) The Social Security Board and Governing Committee shall continue to explore  
21 other possible options for improving the scope and financial sustainability of the national  
22 Medical Savings Fund and Palau Health Insurance, including, but not limited to, pursuing  
23 funding under the Compact of Free Association with the United States.

24 (b) Any changes which have financial implications for the Fund, whether by bill or  
25 by regulation, shall be accompanied by a report from an actuary prior to approval.

26 Section 5. Effective date. This Act shall take effect upon its approval by the  
27 President of the Republic of Palau or upon its becoming law without such approval, except  
28 as otherwise provided by law.

**PASSED: April 16, 2010**

Approved this 7<sup>th</sup> day of May, 2010.

  
Johnson Toribiong  
President  
Republic of Palau